Greater Hamilton
Ontario, Canada

1998 Economic Review

104-00337/

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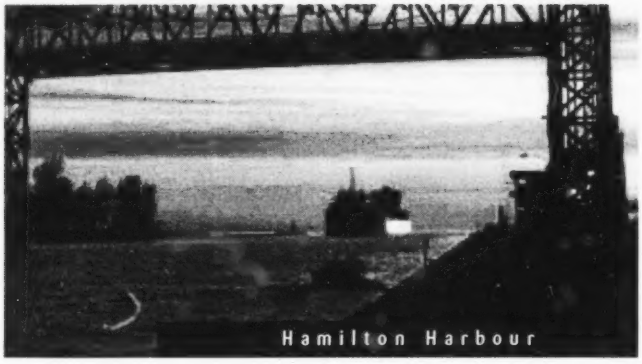
ECONOMIC FORECAST

Executive Summary

It was a very prosperous 1998 for Greater Hamilton and the majority of its companies. The Hamilton Census Metropolitan Area (CMA) enjoyed the hottest job market in Ontario, ranking either first or second nationally in terms of the lowest unemployment levels throughout all of 1998. Over 1.5 million sq. ft. of new manufacturing space was added in 1998, not including several major plant expansions by local companies. Industrial land sales in the Region were at an eight year high and towards year-end, local ICI realtors had very little product to sell or lease. There was also significant growth in the retail and commercial sectors with the most development occurring at the Meadowlands of Ancaster, the Upper James commercial artery, and Centennial Parkway in east Hamilton/Stoney Creek. In transportation, both the Hamilton International Airport and the Port of Hamilton demonstrated year over year increases in the total volume of cargo shipments. Finally, the relocation of two major call centres and the approval of several convert-to-rent projects marked renewed confidence in Hamilton's downtown core.



Hamilton Harbour

General Economic Indicators

GENERAL ECONOMIC INDICATORS

Activity	1994	1995	1996	1997	1998
Bankruptcies[1]:					
Business	210	207	241	193	180*
Consumer	1,272	1,842	1,842	2,208	1,795*
Building Permits					
(Total Value in Millions)	299	324	301	353	440
Canadian Bond Rating[2]:	AA+	AA+	AA+	AA+	AA+
Housing Starts[3]:	1,961	1,558	1,633	1,991	1,848
Housing Completions[4]:	2,332	1,328	1,713	1,894	1,834
Regional Taxable Assessment (Millions)[5]:					
Residential	913.5	919.4	927.0	937.5	19,771**
Commercial/Industrial	493	493.3	498.1	488.5	7,182**
Total	1,406.5	1,412.7	1,425.1	1,426.3	26,953**
% Commercial/Industrial	35.1	34.9	35.0	34.3	36.3
Regional Tax Levies ($Millions)[6]:					
Total Levies	165.7	170.9	175.1	180.1	309***
Assessment Growth	.54	.57	.87	.08	NA
Increased Revenues	.891	.944	1.36	.136	NA
Regional Welfare Assistance[7]:					
Beneficiaries	28,210	25,815	22,836	21,624	21,271
Caseload	16,503	14,986	12,708	11,429	10,661
Ratio of Person/Case	1.71	1.72	1.79	NA	1.99
Percentage Population	6.24	5.6	4.95	3.9	2.28
Unemployment Rate[8]: (Hamilton CMA)	8.2	6.6	7.4	6.5	5.2

[1] Industry Canada, Office of the Superintendent of Bankruptcy
Area Municipal Building Departments
[2] Canadian Bond Rating Service
[3] Canada Mortgage and Housing Corporation
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[5] Regional Department of Finance
[6] Regional Department of Finance
[7] Regional Department of Community Services
[8] Statistics Canada, calculations by Labour Market Information Unit, Human Resource and Development Canada

*** Year to date November 1998.**

**** Assessment (Stated in $Billions):**

The implementation of Current Value Assessment province-wide in 1998 changed property assessment values to a new system which is not comparable to prior years' assessment values.

***** Downloading:**

The Regional Tax Levy now reflects the impact of the downloading of Provincial services, previously funded from Provincial income tax, to the property tax bill.

DEMOGRAPHICS & STATISTICS

	1996 Population	Area (Sq.Km)	Average Total Income 15 Yrs & Over	Working Population 15 Yrs & Over	Private Occupied Dwellings	Average Value of Owned Private
Ancaster	23,403	174.55	37,809	12,275	7,545	232,949
Dundas	22,115	21.2	32,546	11,815	8,500	175,127
Flamborough	34,037	489.9	31,072	18,935	11,320	201,988
Glanbrook	10,564	202.74	28,222	5,355	3,485	175,119
Hamilton	322,352	122.99	23,473	147,525	129,395	137,151
Stoney Creek	54,318	98.6	27,328	27,600	18,170	175,047
Region	**466,799**	**1,112.98**	**30,075**	**233,505**	**178,415**	**182,897**

Source: Statistics Canada, 1996 Census Data

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In April, the ground was broken for the Mohawk McMaster Institute for Applied Health Sciences, a unique facility that will house Mohawk's Faculty of Health Sciences and McMaster University's School of Rehabilitation Science.

MCMASTER UNIVERSITY

McMaster University is the Region's sixth largest employer with more than 3,300 employees and a student population of more than 17,000 (full and part-time) who continue to bring increased revenue to Hamilton area businesses. Nearly $75 million in grants and contracts support the research activity of McMaster researchers within six faculties: Business, Engineering, Health Sciences, Humanities, Science and Social Sciences. Considered to be one of the country's most research-intensive universities, corporate Canada's CEOs continue to rank McMaster as the "most innovative" university in the country.

McMaster is home to several research centres and institutes, including the Intelligent Machines and Manufacturing Research Centre, one of the most advanced and best equipped machining laboratories in North America; and the Research Centre for the Management of Innovation and New Technology, Canada's first innovation centre which provides a full-service consulting practice and clearing house for organizations interested in improving or maintaining their innovative approach.

MOHAWK COLLEGE

The 1997/98 year was a time of significant accomplishment for Mohawk College, one of Ontario's original community colleges serving approximately 59,000 students from its local communities, across Ontario and around the world.

In April, the ground was broken for the Mohawk McMaster Institute for Applied Health Sciences, a unique facility that will house Mohawk's Faculty of Health Sciences and McMaster University's School of Rehabilitation Science. The state-of-the-art facility, located on McMaster's Main Street West campus, will be ready for occupancy by Mohawk during the year 2000. The College's Health Sciences Faculty also benefitted from the extraordinary gift of a helical CT scanner from Toshiba for its Medical Imaging Program, making Mohawk the only college in Canada to have this type of scanning equipment.

Drawing on Hamilton's long history as a centre for textile manufacturing, a unique post-diploma Textile Management Internship Program was launched in May as a partnership effort between Mohawk College, McMaster University, the Textiles Human Resources Council and the College of Textiles of North Carolina State University.

In the summer of 1998, the College was awarded the opportunity of offering a Disability Management Certificate Program, through the National Institute of Disability Management and Research (NIDMAR) and in cooperation with the Workplace Safety Insurance Board and McMaster University. Mohawk is the only post-secondary institution east of Alberta to offer this program.

Investment Highlights

AMTS LTD. began construction of the new 24,700 sq. ft. facility in 1998. The $600,000 industrial development, located at 1348 Sandhill Drive in Ancaster Industrial Business Park, is expected to open in 1999. A variety of industrial/commercial uses will be housed at the site.

ANCASTER MEADOWLANDS (POWER CENTRE):

CONSUMERSFIRST STORE, a sister company to Ontario's gas utility Consumers Gas, opened a 7,300 sq.ft. full product and service retail outlet in June 1998.

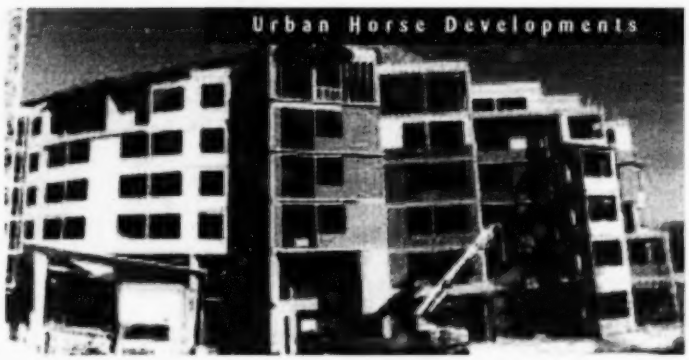
MEADOWLANDS MEDICAL CENTRE offers medical, physiotherapy and fitness services at the 14,929 sq. ft. facility. Located at 26 Legend Court, this $600,000 medical development will service the community well into the future.

RIOTRIN PROPERTIES developed a new 72,804 sq. ft. commercial facility in 1998. The $1.8 million strip mall currently houses Danier Leather, with Bell Mobility and Party Packagers opening soon. Additional retail services are slated to open at the 821 Golf Links Road site during 1999.

SEARS FURNITURE STORE began construction of its 43,487 sq. ft. retail operation in 1998. Located at 45 Legend Court, the $1.8 million commercial development opened its doors with a variety of furnishings in January 1999.

SHELL CANADA/ A& W RESTAURANTS opened their car wash, gas bar and A&W fast food service in October 1998. The $500,000 development is located at 10 Legend Court, corner of Legend Court and Golf Links Road.

COGECO opened their new Hamilton call centre location in August of 1999 with 60 full and part time employees. COGECO will be concentrating its marketing efforts on Internet and e-mail markets. This new, state of the art call centre is located in Downtown Hamilton.


Urban Horse Developments

DOFASCO INC. proceeded with construction of a hot dip galvanizing line that will be specifically designed to produce steel for exposed galvanized as well as galvannealed body panels for the automotive industry. The estimates of the total capital cost range between $170 - $180 million Canadian. The project is a joint venture between Dofasco and the Usinor Group.

DELICIOUS ALTERNATIVE DESSERTS (D.A.D) invested $10 million dollars into updating the existing Stoney Creek Dairy to the point where it can produce five times the volume as before. One of the highlights of the year for the Corporation was the Licensing Agreement signed with Ben & Jerry's Homemade, Inc. ("Ben & Jerry's") to manufacture and distribute their frozen ice cream and yoghurt products throughout the Canadian marketplace. The company has also been fortunate to secure the rights to produce products from the Cadbury and Weight Watchers lines.

EL-MET-PARTS in Dundas is a major exporter of electric motor components. Due to an increasing demand they need to expand their present plant. The expansion program is a three phase development, of which phase I, a 13,800 sq.ft. addition is just being completed. Phase II will add a further 22,400 sq. ft. addition, of new warehouse space and new loading dock facilities.Tenders are due at the beginning of March 1999. Phase III will provide new office space and a new cafeteria. Total investment for all three phases is approximately two million dollars.

FIRST GULF DESIGN BUILD INC. proceeded with a 417,000 sq. ft. expansion at 400 Green Rd., in Stoney Creek. This project had a construction value of $14.6 million.

FLAMBORO DOWNS received provincial approval for 750 slot machines. This investment will require approximately 250 new employees in 1999.

HAMILTON HYDRO ELECTRIC SYSTEMS and AT&T Canada Long Distance Services Company announced that they have established a partnership to build a fibre optic network in the Greater Hamilton Region. This advanced telecommunications network will provide local public and private sector organizations with access to high-speed

communications services. This service, along with the existing fibre optic infrastructure available through Bell Canada, places Greater Hamilton on the cutting edge of telecommunications and advanced technology.

JANCO STEEL constructed a 65,000 sq. ft. steel handling facility at 925 Arvin Avenue in the City of Stoney Creek. This project had a construction value of $1million.

KEYIN COLLEGE opened their first Ontario based campus in March of 1997 and is proud to have established a new permanent location in the renovated facility at 306 King St. West in Hamilton's downtown core. Keyin's new virtual classroom now brings the classroom to you and offers over 50 IT based courses directly through the Internet.

LOBLAWS PROPERTIES LIMITED constructed a new **FORTINOS** on Wilson Street in Ancaster. The 62,000 sq. ft. grocery store will offer a variety of goods and services including flowers, coffee, gifts, cigars, pizza and pharmacy. The $3.6 million superstore opened October 30, 1999 with 250 full and part time employees, of which 150 positions are new.

MEDIA EXPRESS CUSTOMER CONTACT CENTRE opened its doors in the Standard Life Building in September, 1998 and now employs 250 people in total. They have 120 stations in their call centre. This has been a very successful expansion project for them, having started their company in Montreal, Quebec.

NELSON STEEL completed work on their 22 acre, 158,000 sq.ft. pickling and slitting facility in the City of Stoney Creek. The plant initially expects to employ 45 people.

NOVA STEEL Quebec based Novamerican steel broke ground on a 23 acre, 177,000 sq. ft., $31 million facility in the City of Stoney Creek. The plant offers steel coil pickling line capacity of more than 400,000 tons as well as a coil slitting line with capacity of more than 100,000 tons. This is Nova's third plant in Ontario and 20th in Canada and the U.S. The plant will initially employ 35 individuals and anticipates an increase to 100 employees by the end of 1999.

RAMCOR was issued a building permit for a 30,674 sq. ft. building in Techpark on 7.1 acres of land they purchased from the Region. Total value of construction is $1.03 million.

Walker National

SEGUIN (Metrus Developments) opened a new plaza in Waterdown with a Maxis Grocery Store. Construction value was $1.7 million (1997 building permit) representing 69,078 sq. ft.

TIERCON COATINGS On September 23rd, 1998 Noble International Ltd. broke ground on an 8 acre, 162,000 sq. ft. plant that will be used to paint or coat plastic car parts produced by their sister facility, Tiercon Plastics (formally TRIAM). The two facilities sit side by side in the City of Stoney Creek. Noble is a Tier 1/Tier 2 North American automotive parts supplier.

UPPER JAMES SQUARE ROSLAND PROPERTIES developed approximately 130,000 sq. ft. of new retail space on 11 acres of land, just north of South Hamilton Square. This project had a construction value of $7 million.

URBAN HORSE DEVELOPMENTS has invested $4.5 million in a mixed-use Residential/Commercial development at 77 Governors Road in the Town of Dundas. This is an example of a Brownfield development that has utilized innovative urban planning.

V.I.P. INDUSTRIES initiated construction on a 24,000 sq. ft. facility at McNeilly Rd. and Barton Street in Stoney Creek.

WALKER NATIONAL is part of the Walker Magnetics group, which has its head office in Worcester, Massachusetts. With 10 manufacturing sites located throughout the world, Walker Magnetics is one of the oldest and largest magnet lifting companies in the world.
The company broke ground on a 4 acre, 23,000 sq.ft. facility in the City of Stoney Creek. They have an employee base of twenty people and their new facility will allow them the opportunity to grow and better serve the steel mills, scrap yards and metal recycling centres in Hamilton and those located throughout Canada.

BUILDING PERMITS							
	Residential	Commercial	Industrial	Institutional	Agricultural	Misc.	Total
Ancaster	44,956,132	11,945,975	740,500	6,501,376	342,175	1,094,931	65,581,389
Dundas	18,264,301	993,050	31,000	393,850			19,682,201
Flamborough	30,146,532	3,071,293	1,763,746				34,981,571
Glanbrook	12,605,750	738,000	142,000	908,200	1,071,600		15,465,550
Hamilton	73,728,993	40,147,238	38,679,801	44,431,588		2,033,505	199,021,125
Stoney Creek	46,191,900	2,245,900	36,180,600	18,725,600	353,300	1,187,200	104,884,500
Regional Total	226,013,908	59,141,456	77,857,647	70,960,614	1,767,075	4,315,634	440,036,434

Source: Area Municipalities Building Departments

Building Permits
Overall Value of Construction Trends in Hamilton-Wentworth

Source: Municipal Building Departments

BUILDING PERMITS-Overall Value of Construction Trends in Hamilton-Wentworth					
	1994	1995	1996	1997	1998
Industrial	25,195,431	37,679,287	32,053,197	39,200,541	77,857,647
Commercial	29,732,135	57,199,791	39,605,321	51,074,707	59,141,456
Residential	196,018,874	163,554,112	181,605,321	221,443,463	213,318,158
Institutional	17,964,352	60,275,204	42,517,739	40,088,265	70,960,614
Agricultural		290,500	2,071,500	1,735,437	1,767,075
Miscellaneous		4,551,189			4,315,634
Total	298,910,792	323,550,083	308,823,257	353,542,412	440,036,434

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Source: Area Municipalities Building Departments

The $7.5 million runway extension project is underway. The main runway will be extended to 10,000 feet and paving is expected to be completed by the fall of 1999.

INVESTMENT IN INFRASTRUCTURE

During 1998, as part of its strategic business plan, the Region initiated capital expenditures that increased the funding levels for the maintenance, rehabilitation and replacement of its existing infrastructure and provided funding for major capital expansion projects. Major expenditures in 1998 include:

- funding for the Lincoln M. Alexander Parkway;
- remediation of the Upper Ottawa and Glanbrook landfill sites to control the flow of leachate;
- completion of the final renovation phase for Macassa Lodge;
- construction of CSO tanks to reduce the volume and frequency of combined sewer overflows; and
- Woodward plant improvements and Dundas/Flamborough wastewater plant expansion.

To date, expenditures for the above-noted projects exceed $230 million and once complete, this investment in the Region's infrastructure will total approximately $420 million.

GREATER HAMILTON TECHNOLOGY ENTERPRISE CENTRE (GHTEC)

Now in its fifth successful year of operation, GHTEC had a record-high complement of 19 tenants and a 90% occupancy rate. This represents growth of 15% and 23% respectively.

Tenants generated 20 of the 31 new jobs added to GHTEC's roster. Compared to 1997, tenant employee growth doubled indicating a high incubator efficiency factor.

1998 also saw a widening of the technology "mix" within the incubator. Two incoming tenants represent high tech manufacturing with the third developing smart antenna technology for the wireless communication industry.

A mid-year management reorganization coupled with an aggressive cost control program reduced the subsidy for operations of the Centre by 75%. In 1999 GHTEC will see the first full year at operational self-sufficiency.

DOWNTOWN

- Redevelopment of the former Spectator Building at King William and Catharine Streets encompassing 52 condominium/rental units and 40,000 sq. ft. of commercial space
- Residential development at Hughson and Wilson Streets - 12 row townhouses
- Employment Services Centre at 31 King Street East - a partnership between Regional Community Services, Human Resources Development Canada (HRDC) and Ministry of Community Services
- COGECO (see investment highlights)
- Keyin College (see investment highlights)
- Media Express (see investment highlights)

TRANSPORTATION

THE LINCOLN M. ALEXANDER PARKWAY

During the first year of operation the "Linc" has seen a steady increase of traffic up to over 60,000 before Christmas, measured near Upper Wellington Street. The opening of this section has led to lower traffic volumes on parallel streets. The extension of the Linc from Dartnall road to Mud Street at Paramount Drive is now under construction; its opening is scheduled for the end of August 1999.

The environmental planning and design of the North-South section is currently underway. Once all approvals and permits have been obtained, construction will start. The projected completion of the North-South section is in 2003.

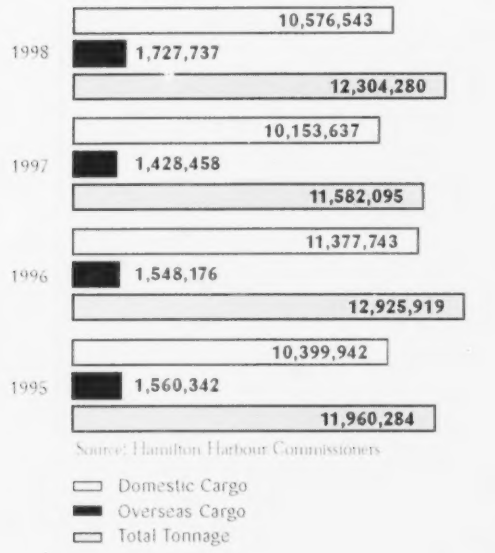
The Region has spent approximately $202 million on the project by the end of 1998.

HAMILTON INTERNATIONAL / JOHN C. MUNRO AIRPORT

The $7.5 million runway extension project is underway. The main runway will be extended to 10,000 feet and paving is expected to be completed by the fall of 1999. This runway extension will enhance the airport's attractiveness as a passenger terminal as well as enhance the service of existing courier/cargo carriers allowing them to operate larger, longer-range aircraft.

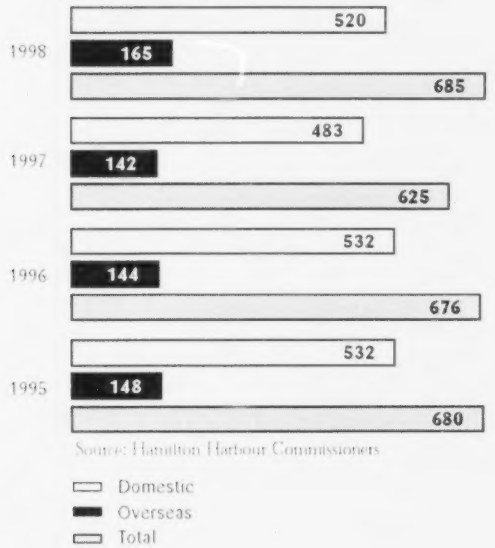
Total infrastructure upgrades spent during 1998 exceeded $8 million, which included $5 million for a newly upgraded cargo ramp area.

Total Tonnage for the Port of Hamilton 1995-1998
Yearly Statistics



Source: Hamilton Harbour Commissioners

Total Tonnage for the Port of Hamilton 1995-1998
Number of Vessels



Source: Hamilton Harbour Commissioners

Cargo traffic is at an all time high and shows every sign of continuing to grow. Based on 1996 Transport Canada statistics, Hamilton International Airport ranks 4th in Canada for total tonnage moved in/out of the airport. Unlike the other top 3 ranked airports whose cargo is shipped in the "belly" of passenger type aircraft, freight moved from HIA is only moved by "freighter" aircraft.

1998 saw the completion of a new $17.2 million sorting facility for United Parcel Service. This new 50,000 sq. ft., fully automated facility has helped facilitate UPS's growth in cargo tonnage handled at Hamilton International Airport. The new facility increased its capacity to serve South Western Ontario by ten fold.

PORT OF HAMILTON

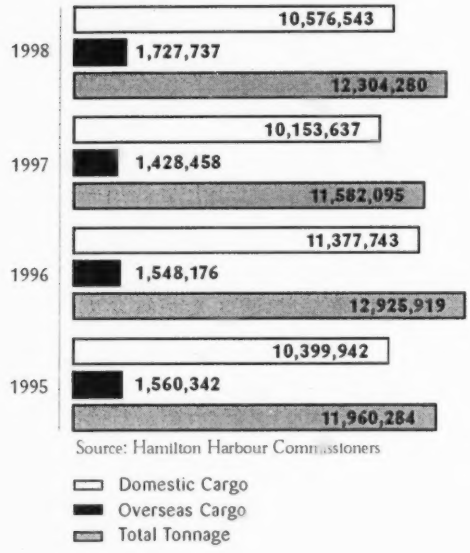
The Port of Hamilton offers full intermodal access through direct road and rail connections, leading to the manufacturing heartland of the nation. There are a full range of port facilities and services to handle all Seaway sized vessels. Some of the services provided at the port include Lift Trucks, Container Handling Services, Ro-Ro Services, Stevedoring, fresh water, shore power installations, ship chandlering, and dry dock repair facilities.

TOP TEN PORTS FOR INBOUND CARGO, ST.LAWRENCE SEAWAY

Port	Total Tonnes of Inbound Cargo
Hamilton	7,164,810
Detroit	3,673,239
Indiana Burns Harbour	2,558,494
Chicago	1,574,015
Cleveland	1,261,864
Ashtabula	1,246,304
Toronto	872,441
Windsor	787,143
Oswego	448,385
Toledo	439,719
All Others	2,511,536

The Hamilton Harbour Commissioners' Eastport Marine and Industrial Park is strategically located along the Queen Elizabeth Way at the hub of Southern Ontario's manufacturing industry. This high profile site offers some 2,300 feet of Seaway draft frontage, provides rail connections to both CN and CP via Rail ink, the shortline rail within the port, and offers easy access to all major expressways. Eastport is an ideal facility for transportation service industries, distribution centres for the shipment of steel, food, agricultural, chemical, petroleum or manufactured products and dry or liquid bulk cargo terminals.

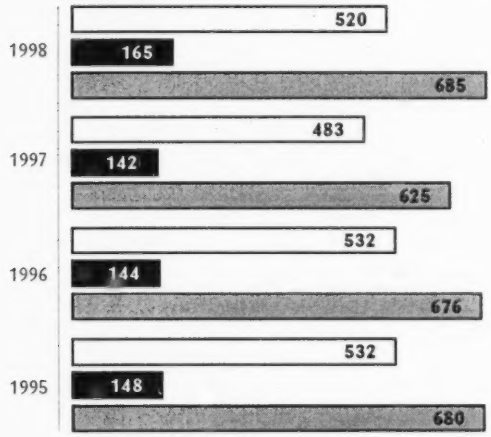
Total Tonnage for the Port of Hamilton 1995-1998
Yearly Statistics



Source: Hamilton Harbour Commissioners

Domestic Cargo
Overseas Cargo
Total Tonnage

Total Tonnage for the Port of Hamilton 1995-1998
Number of Vessels



Source: Hamilton Harbour Commissioners

Domestic
Overseas
Total

Cargo traffic is at an all-time high and shows every sign of continuing to grow. Based on 1996 Transport Canada statistics, Hamilton International Airport ranks 4th in Canada for total tonnage moved in/out of the airport. Unlike the other top 3 ranked airports whose cargo is shipped in the "belly" of passenger type aircraft, freight moved from HIA is only moved by "freighter" aircraft.

1998 saw the completion of a new $17.2 million sorting facility for United Parcel Service. This new 50,000 sq. ft., fully automated facility has helped facilitate UPS's growth in cargo tonnage handled at Hamilton International Airport. The new facility increased its capacity to serve South Western Ontario by ten-fold.

PORT OF HAMILTON

The Port of Hamilton offers full intermodal access through direct road and rail connections, leading to the manufacturing heartland of the nation. There are a full range of port facilities and services to handle all Seaway-sized vessels. Some of the services provided at the port include Lift Trucks, Container Handling Services, Ro-Ro Services, Stevedoring, fresh water, shore power installations, ship chandlering, and dry dock repair facilities.

TOP TEN PORTS FOR INBOUND CARGO, ST.LAWRENCE SEAWAY

Port	Total Tonnes of Inbound Cargo
Hamilton	7,164,810
Detroit	3,673,239
Indiana-Burns Harbour	2,558,494
Chicago	1,574,015
Cleveland	1,261,864
Ashtabula	1,246,304
Toronto	872,441
Windsor	787,143
Oswego	448,385
Toledo	439,719
All Others	2,511,536

The Hamilton Harbour Commissioners' Eastport Marine and Industrial Park is strategically located along the Queen Elizabeth Way at the hub of Southern Ontario's manufacturing industry. This high-profile site offers some 2,300 feet of Seaway draft frontage, provides rail connections to both CN and CP via RailLink, the shortline rail within the port, and offers easy access to all major expressways. Eastport is an ideal facility for transportation service industries, distribution centres for the shipment of steel, food, agricultural, chemical, petroleum or manufactured products and dry or liquid bulk cargo terminals.

Contradicting most economists' predictions for 1999, the Economic Development Department's forecast is much more conservative, projecting economic growth to level off in the first six months and decline towards the end of 1999. This is by no means a reflection of the state of the Region or its policies but an interpretation of the broader markets and economic conditions at a national and international level.

Although no Canadian financial institution is forecasting a recession in 1999, there are several factors that could easily push the growth predictions for Canada's GDP to less than the predicted 2% rate. These include the following:

- China devalues its currency to gain back lost production over the last year to other Asian nations. The result being another traumatic bout of the Asian virus;
- Brazil and Latin America default on international loans and devalue their currencies;
- Slower growth in the U.S. economy and a continuance of the slow and declining economic growth in Europe;
- The slide of the Canadian dollar and the resulting loss of investment in Canadian markets and companies due to low investor confidence. International money will be finding safe havens in U.S. dollars and the new Eurodollar;
- The rise of U.S. protectionism in response to the increasing flood of imports; and
- Credit restrictions and other ramifications of the high personal debt loads in the U.S. and Canada which will result in immediate depressed levels of consumer spending and confidence.

Most economists argue that 1999 will be another solid year of growth because U.S. employment remains strong, inflation is virtually non-existent, interest rates are low (and expected to be even lower in the first quarter), the stock market has corrected itself and is rebounding, industrial production is strong, and consumer confidence is high. Therefore, there are no dominant factors, nothing to "shock" the economy into recession. However, if any one or a multiple of the factors listed above occur, it could have the potential to create a "domino effect" when it comes to the U.S. economy. Since the Canadian economy is so closely integrated with the U.S. this would have immediate repercussions on Canada and in particular Hamilton-Wentworth which exports in excess of 50% of the manufactured products in this Region south of the border.

Over the past year, the Hamilton CMA has ranked first or second nationally in terms of the lowest level of unemployment in the country and there is no indication that this will soon change. However, announcements such as the closure of CASE Corp. and further downsizing in municipal government may marginally impact the overall unemployment figure.

Industrial/commercial building permits and industrial land sales in the Region were both up in comparison with 1997 which indicates significant new hires in 1999. The success of attracting new call centres to Hamilton-Wentworth (i.e. Media Express - 250 jobs) will also benefit the area's unemployment rate. Again, the only concern is the number of local companies that manufacture and export to the U.S. Any slowdown in demand stateside would have a pronounced and immediate effect on this Region.

Of particular concern to Hamilton-Wentworth is U.S. government reaction to the rising imports of steel from foreign companies and the threat to American jobs. Since September of 1998, more than a dozen U.S. steel companies have announced layoffs and plant slowdowns blaming cheap imported steel for reduced orders. Total imports of steel into the U.S. increased by 24% in the first six months of 1998 with Japan, South Africa, Korea and Russia leading the way. Even though Canada is part of the integrated North American Steel market and has a Free Trade deal with the U.S., it may not be exempt from unilateral protectionism and is certainly not spared from the effects (from a supplier perspective) of slowdowns and closures of U.S. steel plants.

Greater Hamilton and the majority of its companies enjoyed a very prosperous 1998.

On a positive note, the reported average age of a family owned automobile in Ontario is now nine years which along with the low dealer financing costs points to another year of strong automotive sales. This favourably impacts on the economy of Hamilton-Wentworth, which in addition to the automotive parts manufacturers located here, supplies a considerable amount of product (i.e. steel) to the automotive industry.

In summary, 1999 should be another stable year for the Hamilton-Wentworth economy with steady growth and continued low unemployment levels. The completion of several new manufacturing facilities and expansions by existing companies in the Region should result in a significant number of new hires in the Region. However, based on the factors cited earlier in this forecast, it is important to acknowledge the local ramifications of being tied to a U.S. and global economy.

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